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Paymentech Deploys eFalcon for Fraud Reduction Service Within Existing Payment Transaction Process

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Abstract (Document Summary)

DALLAS and NEW ORLEANS, Oct. 16 /PRNewswire/ — Paymentech, the largest processor of credit card payments for direct response marketers, has launched a proprietary, customized version of the eFalcon (TM) fraud detection system from HNC Financial Solutions, a division of HNC Software Inc. (Nasdaq: HNCS), to further protect its direct marketing and e-tailing clients from payment card fraud. Paymentech adds the leading, real-time fraud detection solution to its suite of risk management techniques and tools geared specifically to non-face-to-face merchants. This tailored offering can significantly reduce credit card fraud losses. The company announced the fraud reduction service at the Direct Marketing Association 83rd Annual Conference and Exhibition in New Orleans.

"With minimal technical changes, Seta can integrate eFalcon with current detection methods. Paymentech makes it easy to incorporate this product into our normal course of business" said [Gary Flaks]. "They add Seta's payment transaction history with eFalcon to create risk categories expressly for us. This can reduce false-positives while assimilating all data into our existing processing stream."

Dallas-based Paymentech (www.paymentech.com) founded in 1985 is the leading provider of full-service electronic payment solutions to the direct response industry (Internet catalogue direct sales etc.). Paymentech is the largest processor of bankcard transactions in the United States, annually processing approximately 3 billion bankcard transactions and \$93 billion in bankcard sales volume. SOURCE: Paymentech.

Full Text (741 words)

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Unique Proprietary Integration of HNC Software Solution Reduces Technical Costs and Efforts of Multi-Channel Internet and Direct Marketers Like Seta

Corporation

DALLAS and NEW ORLEANS, Oct. 16 /PRNewswire/ — Paymentech, the largest processor of credit card payments for direct response marketers, has launched a proprietary, customized version of the eFalcon (TM) fraud detection system from HNC Financial Solutions, a division of HNC Software Inc. (Nasdaq: HNCS), to further protect its direct marketing and e-tailing clients from payment card fraud. Paymentech adds the leading, real-time fraud detection solution to its suite of risk management techniques and tools geared specifically to non-face-to-face merchants. This tailored offering can significantly reduce credit card fraud losses. The company announced the fraud reduction service at the Direct Marketing Association 83rd Annual Conference and Exhibition in New Orleans.

While utilizing the core eFalcon solution, Paymentech has developed an exclusive deployment manner that fully integrates it with the merchant's normal processing data stream. This offering appreciably trims a retailer's development time and costs, and simplifies the flow of the online transaction and reporting. The unique implementation will assist a broad base of direct marketing and Internet merchants in lowering credit card fraud losses particular to their operations.

eFalcon uses sophisticated neural networks, scores and rules to distinguish legitimate shoppers from fraudulent purchasers. eFalcon employs the world's largest consortium of payment transactions to predict the likelihood of fraud. The consortium is made up of 80 billion payment transactions, 100 million of which are online transactions.

"Online fraud presents serious challenges to direct marketers. Our experience with Paymentech gave us confidence in exploring this service," said Gary Flaks, controller for Seta Corporation. Founded in 1955, Seta Corporation has been a worldwide leader in providing individualized promotional opportunities to a host of syndicated partners. Seta's Palm Beach Jewelry Catalogs and websites (www.palmbeachjewelry.com) are available for clients' personalized promotions.

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"Ease of implementation and broader application sets apart our offering," said Larry Bouchard, group manager for Paymentech's direct response product development. "Card-not-present merchants take orders via mail, Internet, and telephone. A customized fraud reduction service must protect multiple channels and provide comprehensive consolidated reporting. We translate a general application into a specific merchant's processing language. The merchant avoids laborious programming for new message formats and data."

"This addition to Paymentech's risk management arsenal increases the client's confidence in taking orders," said Bouchard. "Because Internet and direct marketing merchants absorb the costs of fraudulent transactions, they often abandon legitimate sales due to perceived risk. Paymentech's direct response unit decreases the fraud control burden for clients by embedding services in the payment process."

Traditional direct marketing research indicates that over \$100 million is lost through fraudulent consumer credit card transactions. In 1999, merchants lost an estimated \$1 billion dollars, roughly 5% of online sales. (GartnerGroup) Meridian Research projects annual online fraud to rise to \$9 billion by 2001.

"We're pleased that one of the nation's premier payment processors has selected our proven eFalcon solution as part of its end-to-end offering," said Walter Lee, vice president of risk management for HNC Financial Solutions. "Integrating eFalcon with Paymentech's processes offers its multi-channel, card-not-present merchants cost savings through lower chargeback fees and reduced fraud investigations."

HNC Financial Solutions is a leader in the development of intelligent customer value management software solutions for the financial services and e-commerce industries. Its powerful suite of real-time decision platforms and predictive business solutions allows firms to automate new account decisioning, optimize marketing efforts, detect fraud, predict profitability, and manage the customer lifecycle. HNC Financial Solutions supports this suite of solutions with a full range of consulting services. The company is a unit of San Diego-based HNC Software, Inc., a leading provider of predictive software solutions for the services industry, including financial, telecommunications, insurance and e-commerce.

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[Reference]

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